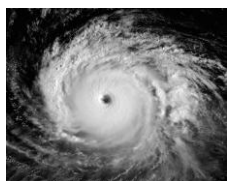


Energy Weekly

A Weekly Report on World Energy Market



Crude oil

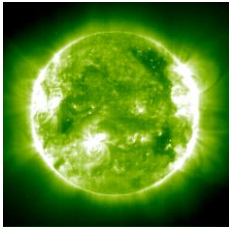
Review:

- Oil Prices traded steady at the beginning of last week as concerns over Euro zone's debt crisis sprung up.
- However prices gained slightly the next day following the remarks of Federal Reserve chairman Ben s Bernanke which indicated that the economic progress was still intact.
- DOE report during the week showed oil, gasoline inventories declining by 1.829 million barrels, 8000 barrels while distillate inventories rose by 1.836 million barrels respectively.
- The report came mixed for prices as it showed inventories declining lesser than market expectations while refinery utilization rose unexpectedly.
- Prices gained further after the International Energy Agency raised its outlook for world oil consumption to 86.4 million barrels while higher oil imports by china also supported prices to go past \$75 per barrel.
- However prices traded lower after data from National Bureau of Statistics showed Chinese industrial output rising by 16.5 percent compared to a year earlier which came below analyst forecasts.
- Moreover an unexpected decline in US advance retail sales also cut the gains in prices. Equity indices in Japan traded lower while European, US and Chinese indices closed higher during the week.
- While the dollar index fell prices reached a high and low of \$76.3 and \$69.5 and closed the week at \$73.8 with a gain of 3.17 percent.

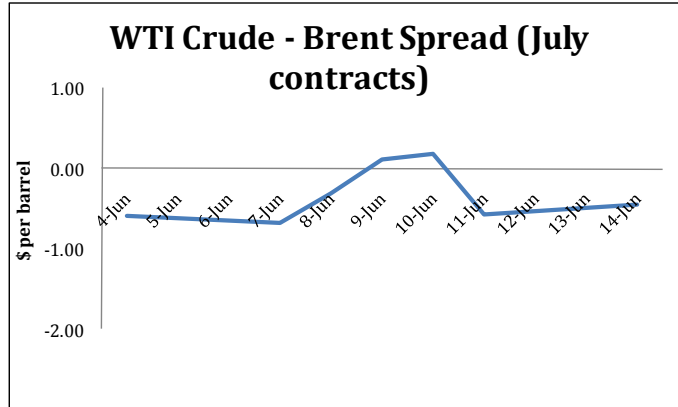
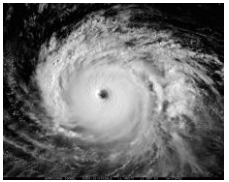
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/bbl)	July	70.35	76.30	69.51	73.78	3.17	2089504	21.66	179966	-47.68
	August	71.83	77.35	70.93	75.34	3.49	905954	69.55	270848	100.24
MCX (Rs/bbl)	June	3361	3576	3319	3478	3.39	816840	9.08	17738	-1.79
	July	3423	3635	3396	3558	3.61	45652	29.22	3967	13.28

Outlook

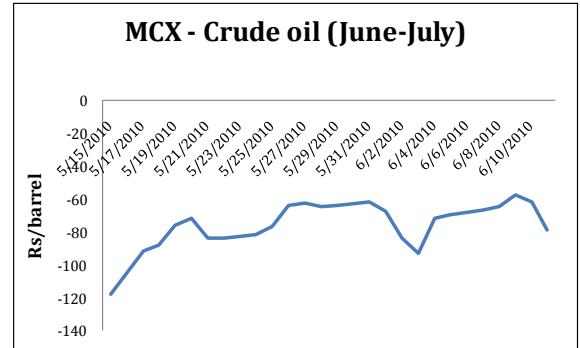
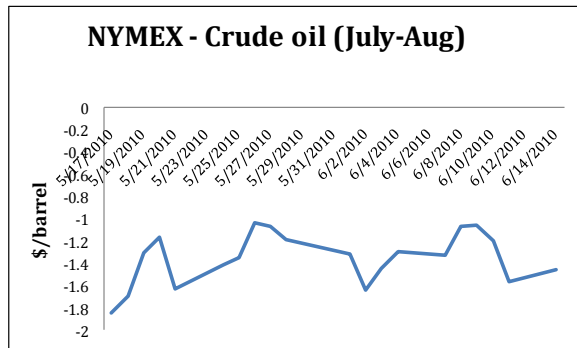
Economic data in the upcoming week may be mixed for prices. However as the US enters the summer driving season refiners may continue to increase operating rates and we may see a steady decline in oil and gasoline inventories. While the Euro zone debt crisis may have been silenced for the time being events in the future cannot be ruled out. As a result the trend for crude oil is mixed in the coming week.



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Calendar spread

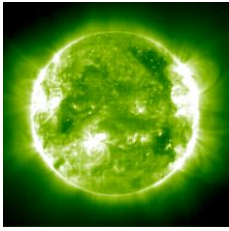


Technical analysis: NYMEX Crude oil – July

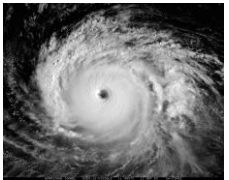
Crude oil prices traded sideways to higher by gaining as much as 3.1%. Last week market made a high of \$ 76.30 and finally settled at \$ 73.78. On weekly charts, market is witnessing resistance at \$ 76.30 of “**Channel formation**” sustain below the same likely to trade sideways to lower. Prices are trading below 13, 22 & 45 EMA weekly implying bearish view for the week. As per Fibonacci principles, market is witnessing resistance at 38.2% retracement (\$ 89.77- \$ 67 moves) at \$ 75.70 levels sustain below the same likely to test \$ 72.37 levels (23.6 % retracement). The momentum indicator, RSI (14) daily have ascended from 0.20 to 0.45 in downtrend market implying prices may again face selling pressure at upward correction.

Technical Outlook

Over we expect prices to trade sideways to lower for the week.

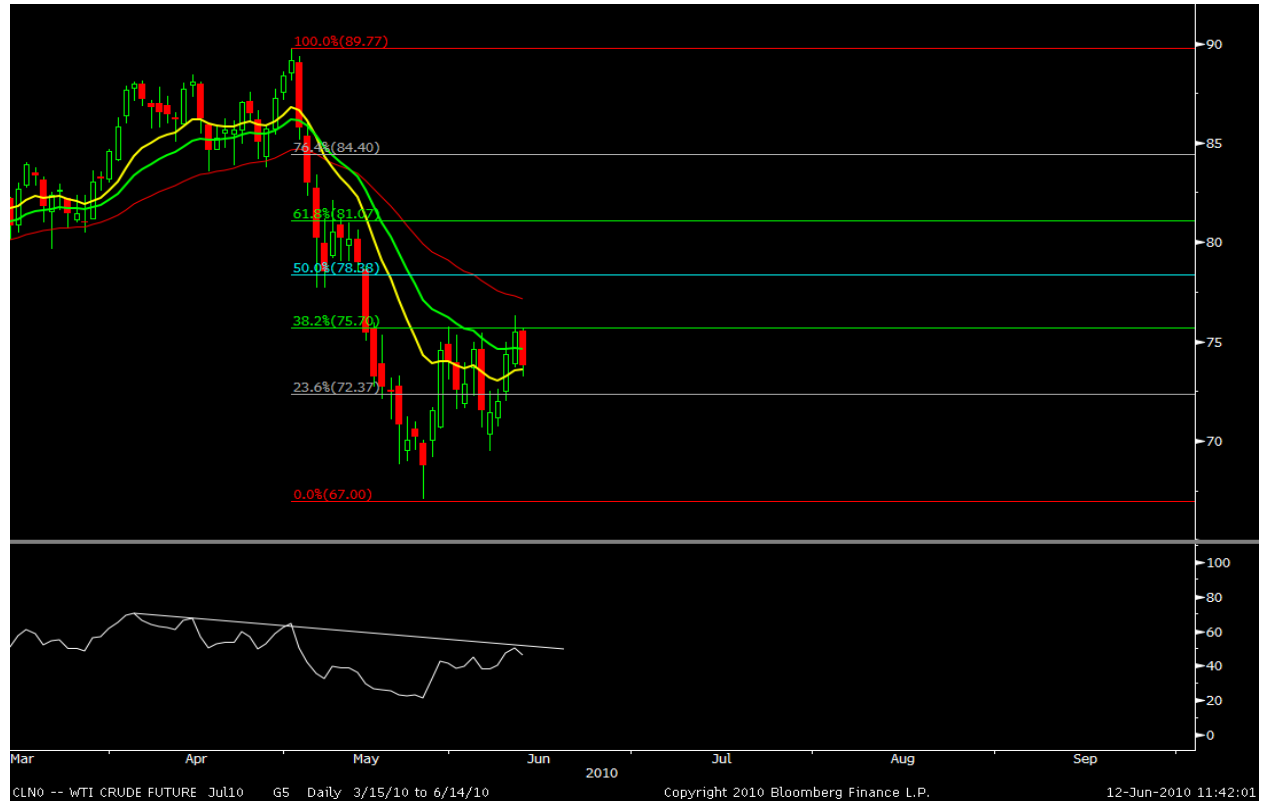


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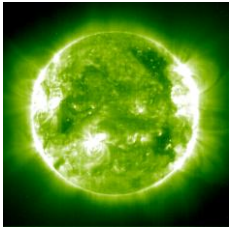


Recommendation:

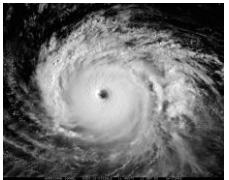
Sideways to lower



Commodity	Exchange	Contract	S3	S2	S1	Weeks close	R1	R2	R3
Crude oil	NYMEX	July	\$67.00	\$69.38	\$72.37	\$73.78	\$75.70	\$78.38	\$81.1
Crude oil (Rs)	MCX	June	3225	3318	3407	3478	3558	3610	3701
Recommendation	Sideways to lower								



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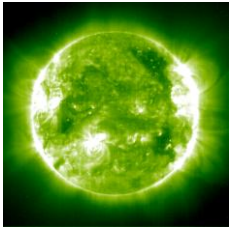
Natural Gas

Review

- During the week EIA reports an inventory build up of 99 Bcf.
- Baker Hughes Gas rig (Machines used for drilling) count in U.S. stood at 954 up by 7 from the figure for earlier week.
- Prices traded higher at the beginning of previous week after hot weather was forecasted in the main Gas consuming regions of US.
- A fall in rig count in the week before also helped prices stay firm. However as the week progressed weather forecasters changed the outlook for hot weather.
- As a result prices gave up some of the gains while still trading above \$4.5 per MMBtu.
- Positive wholesale inventories data from US helped the market trade higher in the early part of the week while EIA report in the second half of the week showed inventories building up by 99 Bcf while market expectations stood at 93 Bcf.
- Prices traded lower on account of an above average build up in inventories. However a drastic fall in US continuous claims helped improve the sentiment over the economy and helped prices to recover.
- Inventories of gas in US currently stand at 2.456 Tcf which is 14.4 percent above the five year average.
- Prices reached a high and low of \$5 and \$4.63 before closing the week at \$4.78 with a weekly decline of 0.33 percent.

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/MMBtu)	July	4.84	5.00	4.63	4.78	-0.33	653314	19.18809	141768	-27.53
	August	4.86	5.04	4.69	4.83	-0.19	248226	71.52	91973	36.43
MCX (Rs/MMBtu)	June	229	235	217	224	-2.66	150981	17.25	5438	-13.79
	July	197	210	195	208	227.30	3717	7006.00	877	1020.00

Natural gas Rig count			
Commodity	Latest week	Previous week	Change
Natural gas	954	947	7



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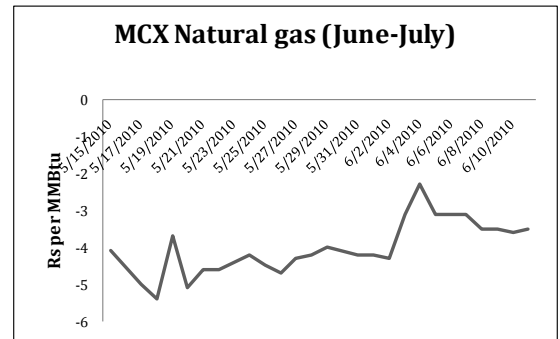
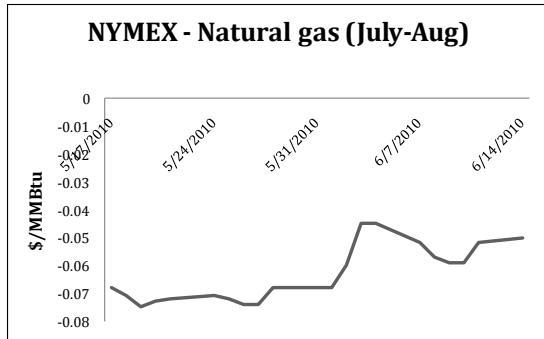


Outlook:

The market may trade lower during the initial half of the week with weather forecast pointing to cooler weather while recovering in the second half as US industrial production data shows a rise in industrial output which may support prices to trade higher.



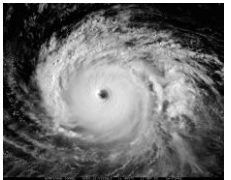
Calendar spread



Technical analysis: NYMEX Natural gas - July



Natural gas prices traded sideways by witnessing a marginal drop of 0.3% in the last week as market made a high of 4.995 and finally closed at 4.781. As per Fibonacci principles, market is witnessing resistance at 38.2% retracement (6.491-3.963 moves). The momentum indicator, RSI (14) daily have ascended from 0.29 to 0.49 in downtrend market implying prices may again face selling pressure at upward correction. The leading indicator, Stochastic (5, 3) is trading upwards (from 0.07 to 0.31) implying prices may get buying at support levels. On weekly charts, prices are trading between 13, 22 & 45 EMA suggesting sideways movement for the week. Last week market made a high of 4.995 which is close to penultimate week's high of 4.977 on break and sustain above the same likely to test 5.227 levels.



Technical outlook:

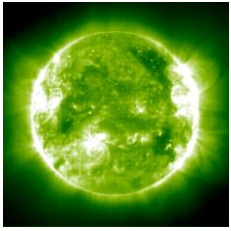
Overall, we expect market to trade sideways for the week.



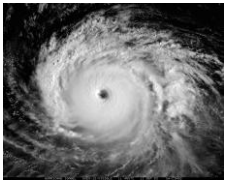
Recommendation:

Sideways



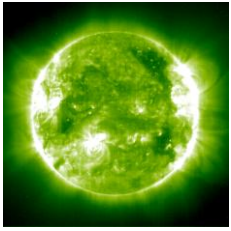


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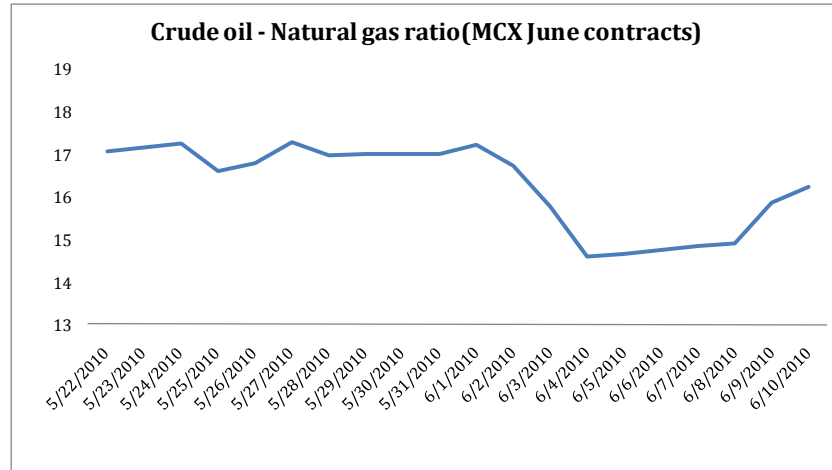
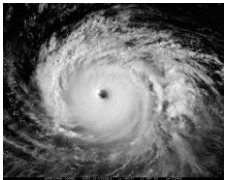


Commodity	Exchange	Contract	S3	S2	S1	Weeks close	R1	R2	R3
Natural gas	NYMEX	July	\$3.47	\$3.96	\$4.56	\$4.628	\$5.23	\$5.89	\$6.33
Natural gas (Rs)	MCX	June	199	206.0	216.0	224	233	240	\$248
Recommendation	Sideways								

DOE Warehouse Stocks ('000 barrels)			
Commodity	Latest week	Previous week	Change
Crude Oil	361415	363244	-1829
Gasoline	218976	218984	-8
Distillate	154824	152988	1836
Refinery utilization (%)	89.1	87.5	1.6
EIA Working gas storage (Bcf)			
Natural gas	2456	2357	99

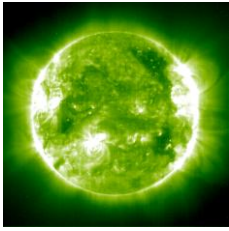


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Current Contracts on NYMEX and MCX

	NYMEX	Expiration	MCX	Expiration
Crude oil	July	22-Jun	June	21-Jun
Natural gas	July	28-Jun	June	25-Jun



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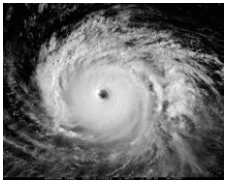
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